

State Bar of California  
Annual Meeting  
Business Law Section  
Cyberspace Committee  
October 12, 2002  
Monterey, California

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**TRADEMARK INFRINGEMENT AND UNFAIR  
COMPETITION IN INTERNET ADVERTISING:  
LINKING, FRAMING, METATAGS, BANNER ADS,  
AND KEYWORD BUYS**

**I. Trademark And Related Intellectual Property Issues Arising From  
Internet Advertising: Linking, Framing, Metatags, Keyword Buys, Pay  
For Placement and Search Term Density.**

Other than domain name issues, which are dealt with elsewhere, trademark issues arise on the Internet because of unique circumstances and abilities enabled by the Internet. Many of these issues are new and unique, and only arise because of the technological opportunity for accomplishing such events through the use of trademarks. There are often no parallels or analogies available under stare decisis or other legal principles, because of the unique abilities of the Internet. There are no parallels for linking, framing, metatags, or buying keywords or fooling search engines through various trademark uses.

This chapter deals with the many capabilities of the Internet, and the intellectual property issues arising from competitors, and advertisers using various techniques to sell products or insert themselves in the consumer or viewer relationship. Often

there are no answers, just questions, as to liability and the extent to which certain activities might be enjoined.

## **II. Introduction**

The explosive growth of e-commerce has made the Internet the most significant emerging business medium of today's culture. Accordingly, new legal issues arise in our legal system to deal with the questions raised by the use of this new technology.

In search of greater power and control over their Internet presence, businesses are seeking to regulate access and exposure to their websites and use thereof.

Although certain technologies or agreements can provide a means toward this end, the legal system is being forced to address issues raised by certain Internet practices. Current Internet litigation includes a focus on the Internet methods of linking and framing, the use of hidden words or metatags, and the sale of banner ad space or search engine results keyed to specific search terms. The causes of action rely principally upon state and federal trademark and unfair competition laws, and related intellectual property laws.

### III. Linking

Legal issues have emerged from the familiar practice of Internet “linking,” a process by which users on one Internet website connect to another Internet website by “clicking” on an active link or hyperlink displayed on the initial site. Linking is considered one of the main features and advantages of the Internet, and website providers are usually pleased if other sites link to them, in the interest of drawing additional viewers and business. Yet this is not true in all cases. For example, links can provide access from one site to another while by-passing the destination site’s home page attribution information and advertising. Such linking practice has been termed “deep linking,” and, together with the display of the link, has the potential of confusing users into believing that the initial site’s material is in fact associated with the destination site, or vice versa. Moreover and regardless of confusion, there is the prospect of the destination site losing potential advertising revenue due to the by-passing nature of deep links.

The deep linking issue has surfaced in several cases and is likely to apply in many more. An early Shetland Islands case illustrates the issue. In Shetland Times, Ltd. v. Jonathan Wills and Zetnews Ltd.,<sup>1</sup> defendants, providers of an Internet news reporting service under the name The Shetland News, were sued by The Shetland Times, for, inter alia, unfair competition and copyright infringement. Defendant’s website included headlines identical to a number of headlines appearing in The

Shetland Times, which deep linked to corresponding pages within the plaintiff's website where the full news stories appeared. The links failed to acknowledge or display plaintiff's ownership and advertising material, but did show defendant's paid advertising. Plaintiff maintained that copyright infringement and unfair competition resulted from defendant's use of plaintiff's website content and headlines. The Court held in granting an interlocutory injunction, that headlines could constitute literary works justifying copyright protection. Defendant maintained that creating hyperlinks without permission is the very essence of the way the World Wide Web operates, and that an injunction would "block free access to the Internet." The case was latter settled without a further court opinion on the merits.

The same issue exists today, where certain publishers take issue with information consolidators who deep link directly to daily news articles. The Dallas Morning News objected to BarkingDogs.com's deep linking to daily stories, but backed off after word of the complaint appeared in the Internet press.<sup>2</sup>

In Ticketmaster Corp. v. Microsoft Corp.,<sup>3</sup> Ticketmaster sued Microsoft for its use of hypertext deep links on its City Sidewalk Internet pages, that connect Web users directly to the ticket sales portions of Ticketmaster's site, thus by-passing Ticketmaster's home page and advertising. Customers could then purchase event tickets from the plaintiff. Ticketmaster claimed that the practice infringes on its

“TICKETMASTER” trademark, dilutes the mark’s value, and violated state and federal laws of unfair competition. Although the terms of the settlement agreement remain mostly confidential, Microsoft agreed to remove its deep link and instead link only to Ticketmaster’s homepage. Later in a bit of irony, Ticketmaster purchased Microsoft’s City Sidewalk Internet business. One of the rationales for plaintiffs filing this type of case, even where the plaintiff actually does business with the customers, is that the defendant’s website has an appearance of completeness in offering all tickets to events by linking to the plaintiff’s website.

State trespass laws may also aid plaintiffs in litigation regarding hyperlinking. In EBay Inc. v. Bidder’s Edge Inc.,<sup>4</sup> in granting a preliminary injunction, the District Court held that state trespass laws might prohibit unapproved access to and collection of information from web sites through the use of automated “searchbots.” The rationale was the use of plaintiff EBay’s resources by the continued bombarding of its site by defendant.

The EBay case was cited in another Ticketmaster case that involved deep hyperlinking, Ticketmaster Corp. v. Tickets.com, Inc.<sup>5</sup> Tickets.com’s web site provided deep hyperlinks to locations within Ticketmaster’s web site, where tickets could be purchased to some events which the defendant’s site did not serve. Ticketmaster argued that the deep hyperlinks violated copyright, trademark, unfair

competition, and state trespass laws. In an unpublished opinion affirmed by the Ninth Circuit, the District Court denied a preliminary injunction preventing the practice, stating that the plaintiff had failed to show a likelihood of succeeding on the merits. The Court stated, however, that at trial Ticketmaster still might be able to prove that Tickets.com had committed violations of copyright and trespass law.

Litigation has also arisen from hyperlinks that originate from objectionable sources or tarnishing domain names. In Ford Motor Company v. 2600 Enterprises, an action in the Eastern District of Michigan, Ford objected to a web site located by the defendant at the domain name

“<[obscenity]generalmotors.com>.” The web site does not provide its own content, but instead connects viewers directly to Ford’s official website. Ford has asserted that the link from this obscene domain name, which incorporates General Motor’s trademark, constitutes trademark infringement and dilution of Ford’s trademark under the Lanham Act. The court denied a motion for a preliminary injunction, and Ford has appealed.<sup>6</sup>

Playboy Enterprises, Inc. v. Universal Tel-a-Talk, Inc.<sup>7</sup> is another case that includes among its issues the legality of linking. Defendants, the operators of an Internet website selling a hard-core pornography membership service named “Playboys Private Collection,” were found liable to plaintiff, owner of the trademarks “PLAYBOY” and “BUNNY,” for trademark infringement, dilution

and counterfeiting. Plaintiff's trademarks were used by defendant in its website and URL. The court found that defendants intended to use plaintiff's well-known trademarks for their profit, as evidenced by the active links defendant provided in its website to link to the website of plaintiff. The court further found that consumer confusion was likely as to the true owner of the linked material, and, inter alia, enjoined defendant from linking its site or services to plaintiff's "playboy.com" Internet website.

Another area of legal challenge has been with websites that link to other websites which contain material that infringes the copyrights or other legal rights of a plaintiff. Is the proprietor of an initial site which provides a link a contributory infringer for referring to infringing material via the link? In an early suit brought by The Church of Scientology in Amsterdam, Holland, the court ordered an injunction against the operation of a website that was referring its viewers by a link to another site where material infringing The Church's copyright was displayed and available for downloading. In a case in Utah, involving a different church, the Mormon church, the court found that a defendant under a court order not to infringe copyrights, could not "indirectly" link to other websites where the same infringing material was available.<sup>8</sup>

In the United States, the Digital Millennium Copyright Act ("DMCA") now may arguably provide a safe harbor under copyright law for innocent website operators

who provide links to other sites that violate copyright laws. 17 U.S.C. §512(d). In order to receive the protection of the safe harbor, website operators must lack actual knowledge of the infringing nature of the materials; they must not know of any facts or circumstances from which infringing activity is apparent; they must act expeditiously to remove the links once they know of the infringing activity; and they must not receive financial benefit from the infringing material. Website operators who do not meet the DMCA's safe harbor requirements, however, may be held liable for contributory copyright infringement.

Certain claims for contributory infringement based on hyperlinks may be defended by First Amendment considerations. In American Civil Liberties Union of Georgia v. Miller,<sup>9</sup> the District Court held that a Georgia statute that prohibited creating hyperlinks that incorporated trademarks without prior permission of the trademark owner was unconstitutional on First Amendment grounds. This is an active area, with the ACLU and the Electronic Frontier Foundation actively involved in my cases alleging First Amendment rights on the Internet.

#### **IV. Framing**

“Framing” is a variation of the linking process that allows an Internet webpage to be displayed within a predetermined window or “frame” of a host Internet site. After a user clicks on a framing link, the destination webpage appears within a



virtual frame or window of the initial site, rather than as an independent webpage. Through framing, the initial and destination sites are combined into a single visual presentation, for which the initial site may appear to be the source; a framed link does not disrupt the connection to the initial website and consequently the Internet URL remains unchanged. Moreover, the visual combination can be presented in a manner that manipulates certain interests of the host and destination sites. Legal issues arise when such manipulation undermines the framed site's attribution or advertising information, or otherwise undermines the interests of the framed site.

For example, the Washington Post and other newspapers sought to preclude defendant Total News' online news service from framing their websites and the content thereof in Washington Post Co. v. Total News, Inc.<sup>10</sup> Plaintiffs claimed that the act of framing infringed, diluted and misappropriated their trademarks and infringed their copyrighted materials. The matter quickly settled out of court with the defendant agreeing to remove its frame, and the plaintiffs allowing access to their websites through links alone.

Framing issues also arose in Futuredontics Inc. v. Applied Anagramics Inc.,<sup>11</sup> where the district court denied the plaintiff's motion for a preliminary injunction brought on the ground that framing created a derivative work and thus infringed under the Copyright Law. The Ninth Circuit upheld the district court's denial of a preliminary injunction which would have restrained defendant from using a

framed link to plaintiff's website. The District Court for the Southern District of California had denied a preliminary injunction, holding that plaintiff was unlikely to succeed on the merits in showing copyright infringement since the name was not the creation of a derivative work, under the copyright laws. The Ninth Circuit affirmed, but ducked the copyright issues. The Court found no irreparable injury, since plaintiff's allegation that the framed link falsely implied defendant's business involvement with plaintiff's referral service, was not joined with any evidence of loss of business or customer goodwill, and therefore plaintiff failed to show that it had been or was likely to be damaged, a necessary condition for a preliminary injunction.

In another framing case, Hard Rock Café International, Inc. v. Morton and Hard Rock Hotel, Inc.,<sup>12</sup> plaintiff, a Delaware corporation, sued defendant, owner of a Nevada corporation and its owner, for breach of contract, trademark infringement, trademark dilution, and unfair competition. Defendant sold a substantial portion of his interests in the Hard Rock Café business to the parent of plaintiff. As part of the transaction, defendant retained ownership and developing rights to the Hard Rock Café name within certain regional boundaries, and obtained a license to use certain servicemarks and trademarks related to the corporation, but not for the sale of music. Plaintiff claimed that defendants breached the license agreement through the operation of a Hard Rock Café Internet website, with a framed link to a third party website that sells music CD's, for which defendant receives a five

percent sales commission. Defendants' argument was that framing was equivalent to linking, and that the license agreement was not breached because hyperlinks are merely "technical connections between two independent sources of content," and therefore the links on their website "do not involve further 'uses' of Hard Rock Hotel marks." However, the court distinguished linking and framing, and described the latter as being "far more than a 'technical connection between two independent sources.'" The court reasoned that the result of the framing mechanism was a visual combination of the two websites with a high likelihood that a user would confuse the framed content as being attributed to the original linking page. The determination was based on a variety of aesthetic factors, including the persistence of the original URL domain name, the resemblance of the framed link button in relation to other buttons used elsewhere by the Hotel in its website, and the proximity of the Hard Rock Hotel logo beside and within the framed content. Concluding that defendant's conduct violated the parties' license agreement, the court ordered defendant to permanently cease the above-described framing.

Framing was found to be a violation of the Copyright Law violation in *Kelly v. Ariba Soft Corp.*<sup>13</sup> There the Ninth Circuit reviewed the legality under copyright law of the activities of an Internet search engine that displays its results in the form of small pictures, rather than the more usual form of text. Using the defendant's search engine, "ditto.com," the user could search for pictures, and

could view a search report in the form of an array of small pictures, called “thumbnails,” which were copied from the websites located in the search. By clicking on one of the small pictures, the user can then view a large version of the same picture, within the context of the ditto.com web page.

A second component of the ditto.com program occurs when the user “double clicks” on a thumbnail image reported in the search. Initially, clicking on the thumbnail produced an “image attributes page.” This page would show the original full-sized image imported directly from the original web site, where plaintiff Kelly’s image appeared, along with text describing the size of the image, a “link” to the originating website, along with ditto.com’s banners and advertising. The process of importing an image from another website was described by the court as “inline linking.” The image imported from the other website, where in this case, Kelly’s copyrighted images were authorized for display, is displayed on the ditto.com website as though it is part of the current web page, surrounded by the current ditto.com web pages text and advertising. As a result, the image in the ditto.com Attributes page was directly from the originating website, and not copied onto ditto.com’s site, although the user typically would not realize that the image actually resided on another website.

After the suit was filed, the search results page on the site was changed to contain thumbnails accompanied by two links. One produced a screen image with a

thumbnail. Alternatively, by clicking on a “source” link or the thumbnail, the site produced two new “windows.” The window in the forefront contained the full-sized image imported directly from the originating website. Underneath this was another window displaying the originating website, which the court opinion described as using an Internet programming technique known as “framing.” In framing, the image from the second website, in this case such as where the Kelly authorized photographs were displayed, is seen within a virtual “frame” so that it is displayed as though on ditto.com’s web page.

The District Court granted summary judgment in favor of ditto.com, finding that such actions constituted fair use, particularly given the function and purpose of the Internet search engine, which providing its results as images copied or reproduced from Kelly’s authorized websites available on the web.

The Ninth Circuit reviewed the summary judgment de novo. As to ditto.com’s reproduction of Kelly’s images to create the thumbnails, and the use of these thumbnails in its search engine reports, the court affirmed the finding of fair use, after analyzing and balancing each of the fair use factors.

However, as to the inline linking to, and framing of, Kelly’s full-sized images, the court found infringement of the exclusive rights of a copyright owner to “display the copyrighted work publicly” under §106(5) of the Copyright Act. Since the importation of Kelly’s images from Kelly’s authorized website to Ditto’s website

does not entail copying them, the court found that copyright infringement could not be based on the reproduction right. The court noted however that the public display right included the right to prevent others from displaying the original of a copyrighted work publicly, and that display included projection, transmission or the showing, on a computer screen, even if there was no specific proof that any particular recipient saw it.

The court found that the Defendant was directly liable for copyright infringement. Ditto actively participated in displaying Kelly's images by crawling the web, finding Kelly's images, and then having the program inline link and frame these images into Ditto's own website. As an aside, it should be noted that in a request for rehearing following the decision, it has been suggested that the full size images appeared from "pop up windows" which appear on top of a portion of the ditto.com web page. If this is the case, then the court's reference to framing and in-line linking may be inappropriate.

## **V. Metatags and Hidden Code**

Metatags are hidden words that are used within the hypertext mark-up language ("HTML") computer code that is used to program and compose a webpage.

Although hidden from average users, search engines detect and use metatags to determine how well a website matches the criteria of a given Internet search. The

method of rating a particular website to a search request varies depending on the search engine being employed, but may analyze a combination of a site's metatags and visible text to make the determination. A listing of search results is then provided to the person requesting the search, prioritized according to the extent of correlation determined by the analysis. The sites with the highest priority are presented early in the search and are likely to be viewed first by the user.

Unfair competition, trademark infringement and dilution issues arise when a business uses its competitor's trademarks as metatags in its own website, thereby producing "hits" to search inquiries intended for its competitor. Similarly, a business can include within its website invisible trademarks of its competitors and produce similar search-steering result. A trademark is made invisible by displaying it in the same color as the background. Both practices incorporate what has been termed "hidden code" or "hidden text." The latter practice is sometimes referred to as "wallpaper".

Playboy Enterprises Inc. v. Calvin Designer Label<sup>14</sup> represents the first court decision to deal with the issue whether the use of hidden code and metatags is infringement. Defendant's "playboyxxx.com" adult website featured, without permission or attribution, repeated use of plaintiff's "PLAYBOY" and "PLAYBOY MAGAZINE" trademarks as metatags and hidden text. Plaintiff filed suit alleging trademark infringement, dilution and unfair competition, and

brought motions for a temporary restraining order and a preliminary injunction against defendant's continued use of plaintiff's marks. After it found plaintiff had demonstrated a likelihood of success on the merits, the court issued a temporary, preliminary, and later issued a permanent injunction that defendant cease use of the PLAYBOY trademark in metatags and hidden text, finding infringement on summary judgment.

There are many cases which later found the use of trademarks as metatags to be infringement. For example, in The New York State Society of Certified Public Accountants v. Eric Louis Assoc., Inc.,<sup>15</sup> the court issued a permanent injunction barring the defendant from using the NYSSCPA name as a metatag. Defendants had also used NYSSCPA's name in its domain name (<www.nysscpa.com>), and had used framing to incorporate the NYSSCPA's web site. The court stated that the defendant's use of plaintiff's mark in its metatags, domain name and framing constituted trademark and copyright infringement and unfair competition.

In Niton Corporation v. Radiation Monitoring Devices, Inc.,<sup>16</sup> plaintiff, a manufacturer of lead paint detection instruments, sued defendant, a manufacturer of competing instruments, for product disparagement and false advertising. During the course of the suit, plaintiff discovered that defendant's website unjustifiably used metatags that were identical in many respects to those of plaintiff's website, including the use of plaintiff's "NITON" trademark. The court



found that plaintiff had a likelihood of prevailing at trial and entered a preliminary injunction prohibiting defendant from using its website metatags to cause what the court termed “initial interest confusion” to lure plaintiff’s customers to its website. The Ninth Circuit in Brookfield Communications, Inc. v. West Coast Entertainment Corp.<sup>17</sup> reaffirmed the actionability of initial interest confusion in a metatag context, since the use of metatags may bring a user of Internet search engines initially to the defendant’s web site, even though the user may learn, once there, that it is not plaintiff’s web site. The court reversed the denial of a preliminary injunction against the defendant’s use of plaintiff’s “MOVIE BUFF” trademark in defendant’s metatags.

Playboy Enterprises, Inc. v. Terri Welles<sup>18</sup> demonstrates that there are fair use limits to a cause of action based on the use of the marks of another in metatags. Plaintiff sued its former 1981 Playmate of the Year, Terri Welles, for incorporating as metatags within her “terriwelles.com” website certain of plaintiff’s registered marks, including “PLAYBOY” and “PLAYMATE.” The complaint averred trademark infringement, dilution, false designation, and unfair competition, in response to which defendant argued that her use was fair, given her former Playboy Playmate status and the disclaimer she included in her web site. In granting summary judgment for the defendants, the court characterized defendant’s conduct to be in good faith and constituting fair use of plaintiff’s marks, particularly given the disclaimer and the descriptive content of her web

site. In support of its decision, the court reasoned that plaintiff had in fact granted defendant the right to use the terms to describe herself in 1981, that the terms as used in the metatags provided legitimate descriptions of defendant that were not misleading or confusing to consumers, that defendant's website clearly disclaimed any relationship with plaintiff other than the terms, that the "PLAYBOY" references within the website were minimal, and that plaintiff initially encouraged defendant's use of the marks. The decision was appealed by Playboy, and recently affirmed, with the court finding the uses to be nominative fair use to refer to Playboy.

Likewise, in Bihari v. Gross,<sup>19</sup> the court denied a preliminary injunction against the defendant, who provided a complaint/gripe site criticizing plaintiff's business, and incorporated the plaintiff's common-law servicemark into metatags on several web sites. The court held that the defendant's use of plaintiff's mark as a metatag was not likely to cause confusion and was protected as a fair use. The defendant's use of plaintiff's mark, the court stated, was not a "bad-faith attempt to trick users into visiting his websites, but rather a means of cataloging those sites"—which discussed plaintiff's business.

Nevertheless, courts have still enjoined intentionally deceptive misuse of marks within metatags. In SNA, Inc. v. Array,<sup>20</sup> the court found that defendants' use of plaintiff's trademark in metatags resulted in initial interest confusion. Because

defendants had “intentionally use[d] plaintiffs’ mark . . . to lure internet users to their site instead of SNA’s official site,” the court held that the defendants could not rely on their claim that the metatags represented mere indexing, claimed to have been used in good faith to steer users to the defendants’ site. Such misuse of plaintiffs’ mark, stated the court, represented trademark infringement, “whether the meta tagging is visible or hidden in the code, and no matter what the website’s domain is.”

Metatags that appear innocuous in themselves may be enjoined if they direct users to infringing websites. In Bernina of America, Inc. v. Fashion Fabrics Int’l, Inc.,<sup>21</sup> the court found that the plaintiff had “established some likelihood of success on the merits regarding the likelihood” of success of its initial interest confusion trademark claim for infringement based on the nature of defendant’s website. Because of this finding, the court enjoined the defendant from using the plaintiff’s marks as metatags. The court stated, however, that an injunction against the metatags was proper only because it found that the defendant’s website itself was misleading. “If [defendant’s] website was not confusing to customers,” stated the court, “then an injunction of [defendant’s] use of [plaintiffs’] trademarks in its metatags would be improper,” because the metatags would then be legitimate devices used to draw users to a noninfringing website. Id. at \*3.

The Ninth and Seventh Circuits have applied the initial interest confusion test to find trademark infringement in the case of the use of trademarks in metatags.<sup>22</sup>

## **VI. Banner Ads**

Banner ads currently represent one of the major methods of advertisement on the Internet. Originally the ads were provided to users in a random, or rotating basis. To best take advantage of this form of advertising however, an advertiser pays a premium for getting its ad before targeted audiences that have an interest in the type of product or service it sells. This end is met through a practice known as search term keying, where a company “buys” selected keywords or search words from a particular search engine, such that its banner ad appears on corresponding search result screens. In addition to advertising a company’s product or service, banner ads typically provide a link to the advertiser’s website.

Legal issues result when online banner ads for one company which purchases the keyword trademark from the search engine company, are keyed to search terms, which are the trademarks of another company. In Estee-Lauder, Inc. v. The Fragrance Counter, Inc.<sup>23</sup> plaintiff, the Estee-Lauder cosmetic company, sued defendants, Excite Internet search engine and its advertiser, for trademark infringement, false designation of origin, false advertising, and unfair competition for the sale and use of plaintiff’s trademarks which advertiser Fragrance Counter

was essentially buying from Excite through the exclusive right to display online banner ad space keyed to a search request using plaintiff's trademarks.

Similarly in Playboy Enterprises, Inc. v. Netscape Communication Corp.<sup>24</sup> and Playboy Enterprises, Inc. v. Excite, Inc.<sup>25</sup>, plaintiff, Playboy, sued defendant Internet search engines for trademark infringement, dilution, false designation of origin, and unfair competition for selling to plaintiff's competitors online banner ad space directly and indirectly keyed to plaintiff's trademarks. The court denied plaintiff's motion for a preliminary injunction, finding that plaintiff was unlikely to prevail since defendant's sale of the "PLAYBOY" and "PLAYMATE" keywords to third-party adult-content advertisers was not likely to be found to constitute trademark infringement or dilution. The court noted that "PLAYBOY" might also be used as a search term by an Internet user who was not seeking to locate plaintiff or its business. This preliminary ruling was upheld on appeal. Playboy v. Excite.<sup>26</sup> Judgment for the defendants followed, and the decision has been affirmed by the Ninth Circuit.

## **VII. Selective Targeting of Pop-Up or Banner Ads.**

In addition to the entrepreneurship of the search engines in providing placement or advertising when certain search terms are used by the public, some intermediary companies have sought to provide targeted advertising as a user is browsing a

Web site. Advertisers have long known that advertising is more effective if it can be selectively provided based upon some demographic or interest information about the viewer. Search engine keywords seek to identify this demographic based upon the search word queried by the user. Similar, perhaps even better, targeted information is available if the seller of advertising can identify the particular Web site being sought or viewed by the personal computer user.

One such company to take advantage of this is Gator Corp., which provides, at the Internet address [gator.com](http://gator.com), a handy program which helps a user fill in personal information on forms available at web sites on the Internet. For example, name and address information is automatically filled out in blanks requesting such information, through software placed on the user's computer. As a user browses from place-to-place and has another form to fill out, the computer allows the user to draw out the identifying information, such as his or her name or address, and have it inserted on the form of the Web site where such information is requested. This can save the user time since it need not be typed in each time. In exchange for this free service software, the user agrees in a "click through" agreement that Gator can substitute or supply advertising at the time of viewing. The court recently granted a preliminary injunction against such activities by Gator.com in Virginia.<sup>27</sup> Another company Kaaza, a peer-to-peer Napster-like music source service, for a time threatened to supply similar software to the computer of persons using the Kaaza music swapping software.

The result is that for one viewing, for example, the website of a catalogue company, such as, Lands' End, a user may see a pop up or banner ad for a competitive catalogue house, often covering some of Lands' End's own advertising. A user viewing Weight Watchers' site would see competitive advertising for a competitive diet product company, pop up atop the Weight Watchers site. As one would expect, the Lands' End and Weight Watchers companies are not pleased by having their own advertising covered up by a targeted competitor's interposed competitive advertising, when the customer is going to Lands' End or Weight Watchers' site. But is the practice unfair competition? Weight Watchers obtained an injunction in a suit against the competitor. Lands' End was sued for a declaratory judgment and the case was then dismissed.

### **VIII. Keyword Density.**

In what may appear as a game of "spy v. spy," Internet advertisers have found another way to attract search engines. As the use of metatags and word stuffing on "wallpaper" for search engine placement has been abused by trademark infringers and others as a mechanism to trick search engines into bringing up certain Web pages, search engines have relied more and more upon other criteria to rate pages for search engine report placement. Search engines have begun to look at not just the number of entries of a searched term, but weigh them more heavily if they are

in bold terms, in color, capitals, or hyperlinked text. It was only a matter of time before those who wanted to trade upon another trademark or name figured this out, and increased the density and type of use of a trademark in order to attract search engine placement points. A preliminary injunction granted in Northern California in J.K. Harris & Co. v. Kassel has enjoined the practice, at least where trademark names and terms are used in a density and nature the court found to be more than necessary in order to tell a story or to provide a normal Web site content. Here a tax advocate firm, J.K. Harris, sued an Internet-based company, doing business as taxes.com, under the same domain name, for repeated overuse of the “J.K. Harris” company name and trademark. While a certain amount of use of a competitor’s name might be permissible in the context of a website doing competitive advertising, the court found many more uses, in bold text and front page links, to suggest that the trademark was being used not in content or text, but that its purpose was more to trade upon the goodwill and to attract the search engine placement for taxes.com. The Northern District of California court granted a preliminary injunction against such activities.<sup>28</sup> The Electronic Frontier Foundation has filed a brief on the side of the defendant, claiming that the defendant has a First Amendment right to use the plaintiff’s name and trademark, even if such uses are more than reasonably necessary and designed to have the effect of higher search engine placement.



## **IX. Federal Trade Commission Action.**

The Federal Trade commission has weighed in on the potential deception of a search engine's selling of placement. Acting on a complaint from a consumer group, the Federal Trade Commission has issued a notice<sup>29</sup> pointing out the potential for search engines to provide misleading information if search results are provided for payment by advertisers seeking placement in the results, rather than located independently from research criteria. The FTC noted the pay for placement search engine results provided by various search engines. After surveying the problem, the Commission learned that most users of Internet search engines expect and believe that the search engine results are fairly provided, based upon relevance or other criteria, to the term or word searched.<sup>30</sup> However, the FTC noted that many of the search engines use pay for placement advertising, where the search engine gets paid for the placement and location, many of the paid for items appearing at the top of a search report being displayed in a way that may not fairly tell the user that they are not unbiased, but are provided on a fee-paid basis. Various terms such as "Sponsored Link" or "Our Suggestions" or a small display of a price, are sometimes all a consumer sees in a paid listing, certainly not enough to make a consumer aware that a listing has been sponsored or paid for commercially by an advertiser. At this point the FTC has not brought any actions or specific complaints, and many search engines have labeled their paid links to

show source firm or sponsorships, and provide paid results separately from general research reported results.

## **X. Unanswered Questions and Additional Advertising Tricks**

Several other new marketing practices on the Internet may give rise to legal complications, but have not yet resulted in illuminating, much less definitive, litigation. One example is so-called “interstitial” advertising. Interstitial ads which may be full size appear to users after they have clicked on a link and often must be closed before the users can arrive at their intended destination site.

Related to interstitial advertising are “pop-up” and “pop-under” ads, which open up in extra windows either “over” or “under” the intended destination window.

The advertisements often feature streaming media such as RealMedia or Flash code, and are intended to distract users from their original destination.

Could those who control and facilitate such ads be found liable for trademark infringement for creating ads for one company that pop up when users click on links to other companies? Courts may find that such ads constitute unfair competition, dilution, false advertising, or other misuse of trademarks. In 1997, Microsoft’s WebTV found itself facing litigation threats when it placed interstitial ads onto links to competing companies. For example, ads for AT&T were displayed when users clicked on links within the MCI website, and General

Motors ads appeared after users clicked on links to Ford Motor Company. These ads materialized not in separate windows, but were superimposed over or between views while in the web site of the other company. In the face of litigation threats, WebTV eliminated this advertising method. Nevertheless, the use of interstitial ads represents an increasingly popular advertising method for the web, and it is quite possible that these ads will result in litigation.<sup>31</sup>

Instant messaging software has also become fertile ground for advertising. AOL's popular Instant Messenger now welcomes users with a collection of links to advertisers. To reach the growing instant messaging market, a growing number of automated "instant messaging buddies" have sprung up. These automated advertising agents, often sponsored by entities such as shoe companies or rock bands, offer information in response to queries sent through an instant messaging service. But these automated response "buddies" might be misused. Companies advertising through automated response buddies may encounter legal difficulties if they fail to properly disclose the nature of their business or misuse another company's trademark. For example, buddies could be activated when a user sends an instant message that contains the name of an advertising company—or of that company's competitor. And "buddies" may be used to disguise the commercial advertising nature of the messages.

## **XI. Conclusion**

Linking, framing, metatags, keyword buys, and banner ads are just a few of the new and developing Internet-specific issues in the legal arena to date. These and other Internet practices raise new challenges for intellectual property laws and lawyers. Linking and framing create issues of intellectual property misappropriation and unfair competition when they are used in a way to suggest a non-existent affiliation between businesses, and can directly or indirectly infringe copyrights or trademarks, or otherwise undermine the attribution and advertising information of another entity. Metatagging or the use of hidden trademarks creates similar issues when a business uses the marks of its competitors as its metatags to trick search engines, thereby bringing users of the Internet to its web site and causing initial interest confusion in customers as to a non-existent business affiliation. Banner ads create similar issues when ads for one company are, without authorization, keyed to search terms that are the intellectual property of another entity. These are only a few of the Internet practices that may result in causes of action relating to intellectual property. All of these issues must be litigated in a context of old and changing laws, and in light of future technological change. The future promises to provide more Internet-specific legal challenges for intellectual property lawyers.

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- <sup>1</sup>1997 F.S.R. 604 (Ct.Sess. O.H.) (Ireland 10/24/96)
- <sup>2</sup>See <<Barkingdogs.com>> (viewed June 20, 2002)
- <sup>3</sup>No. 97-3055 (DDP) (C.D. CA filed 4/28/97)
- <sup>4</sup>2000 WL 1863564, 56 U.S.P.Q.2d 1856 (N.D. Cal. 2000)
- <sup>5</sup>2000 WL 1887522 (C.D. Cal. 2000); affirmed 248 F.3d 1173 (9th Cir. 2001)
- <sup>6</sup>Ford Motor Co. v. 2600 Enterprises, 2001 U.S. Dist. LEXIS 21302 (E.D. Mich. Dec. 20, 2001)
- <sup>7</sup>No. Civ. A 96-CV-6961 (E.D. PA filed 11/2/98), 1999 WL 712580, 1998 US Dist Lexis 17282
- <sup>8</sup>Intellectual Reserve, Inc. v. Utah Lighthouse Ministry, Inc., 75 F. Supp. 2d 1290 (D. Utah 1999).
- <sup>9</sup>977 F. Supp. 1228 (1997)
- <sup>10</sup>No. 97 Civ. 1190 (DS.D. NY filed 2/20/97)
- <sup>11</sup>45 U.S.P.Q. 2005 (C.D. CA 7/23/98), aff'd 152 F.3d 925 (CA 9 98) (1998 WL 417413)
- <sup>12</sup>97 Civ. 9483 (RPP) (S.D. NY filed 6/2/99), 1999 U.S. Dist. LEXIS 8340
- <sup>13</sup>280 F.3d 934 (9th Cir. 2002)
- <sup>14</sup>985 F. Supp. 1220 (N.D. CA 1998)
- <sup>15</sup>No. 99 Civ. 3030, S.D.N.Y. 1999)
- <sup>16</sup>27 F. Supp.2d 102 (D. MA 1998)
- <sup>17</sup>174 F.3d 1036 (CA 9 4/22/99), 50 U.S.P.Q.2d 1545 (BNA), No. 98-56918, 1999 WL 23014, 1999 U.S. App. LEXIS 7779
- <sup>18</sup>78 F. Supp.2d 1066 (S.D. CA 1999)
- <sup>19</sup>119 F. Supp.2d 309 (2000)
- <sup>20</sup>51 F. Supp.2d 554 (E.D. Pa. 1999), affirmed by Silva v. Karlsen,—F.3d—, (3rd Cir. 2001).
- <sup>21</sup>2001 WL 128164 (N.D. Ill. Feb. 8, 2001)
- <sup>22</sup>Brookfield Communications, Inc. v. West Coast Entertainment Corp., 174 F.3d 1056 (9th Cir., April 22, 1999); Promatek Indus., LTD v. Equitrac Corp., —F.3d—, 2002 U.S. App. LEXIS 16207 (7th Cir., Aug. 13, 2002).
- <sup>23</sup>No. 99 Civ. 0382 (S.D. NY filed 1/19/99)
- <sup>24</sup>No. 99-320 (C.D. CA filed 2/5/99), 1999 WL 428233, 1999 U.S. Dist. LEXIS 9638
- <sup>25</sup>No. 99-321 (C.D. CA filed 2/5/99), 1999 WL 428233, 1999 U.S. Dist. LEXIS 9638
- <sup>26</sup>Playboy Enterprises, Inc. v. Netscape Communications, Inc., 55 F. Supp. 2d 1070 (C.D. Cal.) (plaintiff's motion for preliminary injunction), aff'd, 1999 U.S. App. LEXIS 30215 (9th Cir. 1999), 202 F.3d 278, 2000 U.S. Dist. LEXIS 13418 (C.D. Cal. Sept. 14, 2000) (defendants' motions for judgment).
- <sup>27</sup>Washington Post, et al. v. Gator Corp., —F. Supp.— (E.D. Va. 2002).
- <sup>28</sup>J.K. Harris & Co. v. Kassel, 2002 WL 1303124 (N.D. Cal., Mar. 22, 2002).
- <sup>29</sup>See <<<http://www.ftc.gov/os/closings/staff/commercialalertletter.htm>>> (viewed September 2, 2002).
- <sup>30</sup>See "A Matter of Trust: What Users Want From Web Sites," <<<http://www.consumerwebwatch.com/news/report1.pdf>>> (viewed April 16, 2002).
- <sup>31</sup>See Tom Matrullo, "Coming Soon: Internet Advertising That Hunts You Down," Sarasota Herald-Tribune, Monday, November 24, 1997, p.18.